

COMPANY REGISTRATION NUMBER: 00932617

AK Steel Limited
Financial Statements
For the year ended
31 December 2018

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AK Steel Limited

Financial Statements

Year ended 31 December 2018

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AK Steel Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS

J Geraeds
AK Steel International B.V.

REGISTERED OFFICE

The Business & Technology Centre
Room S04
Bessemer Drive
Stevenage
Herts
SG1 2DX

AUDITOR

Streets Audit LLP
Chartered accountants & statutory auditor
Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedfordshire
MK44 3BZ

BANKERS

HSBC Bank Plc
Station Place
Letchworth
Hertfordshire
SG6 3AJ

AK Steel Limited

Directors' Report

Year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activity of the company during the year was the importation and sale of speciality steel products from associated companies and licenced producers.

Directors

The directors who served the company during the year were as follows:

J Geraeds
AK Steel International B.V.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AK Steel Limited

Directors' Report *(continued)*

Year ended 31 December 2018

Auditor

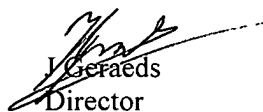
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 11/4/2019 and signed on behalf of the board by:


J. Geraeds
Director

AK Steel Limited

Independent Auditor's Report to the Members of AK Steel Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of AK Steel Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

AK Steel Limited

Independent Auditor's Report to the Members of AK Steel Limited *(continued)*

Year ended 31 December 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

AK Steel Limited

Independent Auditor's Report to the Members of AK Steel Limited *(continued)*

Year ended 31 December 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

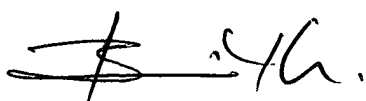
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Benjamin Halstead (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedfordshire
MK44 3BZ

23/4/2019

AK Steel Limited

Income Statement

Year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--------------------------------------|-----------|----------------------|----------------------|
| Turnover | 5 | 1,245,657 | 921,138 |
| Cost of sales | | <u>(725,196)</u> | <u>(528,271)</u> |
| Gross profit | | 520,461 | 392,867 |
| Distribution costs | | (101,136) | (74,750) |
| Administrative expenses | | (399,689) | (294,451) |
| Other operating income | 6 | <u>84,436</u> | <u>86,374</u> |
| Operating profit | 7 | 104,072 | 110,040 |
| Interest receivable | 10 | 22 | 9 |
| Interest payable | 11 | <u>(10,000)</u> | <u>(6,000)</u> |
| Profit before taxation | | 94,094 | 104,049 |
| Taxation on ordinary activities | 12 | <u>(18,008)</u> | <u>(19,278)</u> |
| Profit for the financial year | | <u>76,086</u> | <u>84,771</u> |

All the activities of the company are from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

AK Steel Limited

Statement of Comprehensive Income

Year ended 31 December 2018

| | 2018 | 2017 |
|--|----------------------|----------------|
| | £ | £ |
| Profit for the financial year | 76,086 | 84,771 |
| Remeasurement of the net defined benefit plan | 5,000 | 197,000 |
| Tax relating to components of other comprehensive income | 370 | (37,800) |
| Other comprehensive income for the year | <u>5,370</u> | <u>159,200</u> |
| Total comprehensive income for the year | <u>81,456</u> | <u>243,971</u> |

The notes on pages 11 to 19 form part of these financial statements.

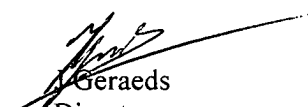
AK Steel Limited

Statement of Financial Position

31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|------|------------------|------------------|
| Current assets | | | |
| Debtors | 13 | 309,219 | 201,281 |
| Cash at bank and in hand | | 964,098 | 849,258 |
| | | <u>1,273,317</u> | <u>1,050,539</u> |
| Creditors: amounts falling due within one year | 14 | <u>205,753</u> | <u>69,431</u> |
| Net current assets | | <u>1,067,564</u> | <u>981,108</u> |
| Total assets less current liabilities | | <u>1,067,564</u> | <u>981,108</u> |
| Net assets excluding defined benefit pension plan liability | | <u>1,067,564</u> | <u>981,108</u> |
| Defined benefit pension plan liability | 16 | <u>(53,000)</u> | <u>(48,000)</u> |
| Net assets including defined benefit pension plan liability | | <u>1,014,564</u> | <u>933,108</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 455,000 | 455,000 |
| Profit and loss account | 18 | 559,564 | 478,108 |
| Shareholders funds | | <u>1,014,564</u> | <u>933,108</u> |

These financial statements were approved by the board of directors and authorised for issue on 11/4/2019....., and are signed on behalf of the board by:


J. Geraeds
Director

Company registration number: 00932617

The notes on pages 11 to 19 form part of these financial statements.

AK Steel Limited

Statement of Changes in Equity

Year ended 31 December 2018

| | Note | Called up share capital £ | Profit and loss account £ | Total £ |
|--|------|---------------------------------|---------------------------------|-------------------------|
| At 1 January 2017 | | 455,000 | 234,137 | 689,137 |
| Profit for the year | | | 84,771 | 84,771 |
| Other comprehensive income for the year: | | | | |
| Remeasurement of the net defined benefit plan | 16 | — | 197,000 | 197,000 |
| Tax relating to components of other comprehensive income | 12 | — | (37,800) | (37,800) |
| Total comprehensive income for the year | | — | 243,971 | 243,971 |
| At 31 December 2017 | | 455,000 | 478,108 | 933,108 |
| Profit for the year | | | 76,086 | 76,086 |
| Other comprehensive income for the year: | | | | |
| Remeasurement of the net defined benefit plan | 16 | — | 5,000 | 5,000 |
| Tax relating to components of other comprehensive income | 12 | — | 370 | 370 |
| Total comprehensive income for the year | | — | 81,456 | 81,456 |
| At 31 December 2018 | | <u>455,000</u> | <u>559,564</u> | <u>1,014,564</u> |

The notes on pages 11 to 19 form part of these financial statements.

AK Steel Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Business & Technology Centre, Room S04, Bessemer Drive, Stevenage, SG1 2DX, Herts.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Company information

The principal activity of the company during the year was the importation and sale of speciality steel products from associated companies and licensed products.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

As part of their going concern review, the directors have considered the liabilities of the company and have a reasonable expectation that the company will be able to meet its liabilities as they fall due for the foreseeable future and that the company will continue in operational existence. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of AK Steel Holding Corporation which can be obtained from 9227 Centre Pointe Drive, West Chester, Ohio 45069. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

Disclosures in respect of each class of share capital have not been presented.

No cash flow statement has been presented for the company.

Disclosures in respect of financial instruments have not been presented.

Disclosures in respect of share-based payments have not been presented.

No disclosure has been given for the aggregate remuneration of key management personnel.

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

4. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

The judgements and accounting estimates that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as disclosed in the accounting policies and notes to these financial statements.

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit and loss.

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

4. Accounting policies *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Defined benefit pension plans

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

5. Turnover

Turnover arises from:

| | 2018 | 2017 |
|---------------|------------------|----------------|
| | £ | £ |
| Sale of goods | <u>1,245,657</u> | <u>921,138</u> |

In the opinion of the directors, all turnover has been generated within the United Kingdom.

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

6. Other operating income

| | 2018 | 2017 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Management charges receivable | <u>84,436</u> | <u>86,374</u> |

7. Operating profit

Operating profit or loss is stated after charging/crediting:

| | 2018 | 2017 |
|------------------------------|--------------|--------------|
| | £ | £ |
| Impairment of trade debtors | (1,577) | 577 |
| Foreign exchange differences | <u>2,313</u> | <u>8,543</u> |

8. Auditor's remuneration

| | 2018 | 2017 |
|--|--------------|--------------|
| | £ | £ |
| Fees payable for the audit of the financial statements | <u>6,755</u> | <u>6,655</u> |
| Fees payable to the company's auditor and its associates for other services: | | |
| Taxation compliance services | 1,860 | 2,500 |
| Other non-audit services | <u>1,993</u> | <u>2,470</u> |
| | <u>3,853</u> | <u>4,970</u> |

9. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2018 | 2017 |
|----------------------|----------|----------|
| | No. | No. |
| Administrative staff | <u>4</u> | <u>3</u> |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 190,857 | 139,183 |
| Social security costs | 21,567 | 7,512 |
| Other pension costs | <u>35,979</u> | <u>17,102</u> |
| | <u>248,403</u> | <u>163,797</u> |

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

10. Interest receivable

| | 2018 | 2017 |
|---------------------------------------|-----------|----------|
| | £ | £ |
| Interest on cash and cash equivalents | <u>22</u> | <u>9</u> |

11. Interest payable

| | 2018 | 2017 |
|---|---------------|--------------|
| | £ | £ |
| Net finance costs in respect of defined benefit pension plans | <u>10,000</u> | <u>6,000</u> |

12. Taxation on ordinary activities

Major components of tax expense

| | 2018 | 2017 |
|--|---------------|---------------|
| | £ | £ |
| Current tax: | | |
| UK current tax expense | 9,050 | – |
| Deferred tax: | | |
| Origination and reversal of timing differences | <u>8,958</u> | <u>19,278</u> |
| Taxation on ordinary activities | <u>18,008</u> | <u>19,278</u> |

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(370) (2017: £37,800).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

| | 2018 | 2017 |
|--|---------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>94,094</u> | <u>104,049</u> |
| Profit on ordinary activities by rate of tax | 17,878 | 20,029 |
| Effect of expenses not deductible for tax purposes | 628 | 587 |
| Utilisation of tax losses | (9,456) | (20,616) |
| Unused tax losses | <u>8,958</u> | <u>19,278</u> |
| Tax on profit | <u>18,008</u> | <u>19,278</u> |

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

13. Debtors

| | 2018 | 2017 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 278,010 | 169,878 |
| Deferred tax asset | 9,010 | 17,598 |
| Prepayments and accrued income | 22,126 | 11,060 |
| Other debtors | 73 | 2,745 |
| | <u>309,219</u> | <u>201,281</u> |

14. Creditors: amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|----------------|---------------|
| | £ | £ |
| Trade creditors | 10,855 | 5,922 |
| Amounts owed to group undertakings | 53,255 | 9,696 |
| Accruals and deferred income | 35,864 | 28,962 |
| Corporation tax | 9,050 | – |
| Social security and other taxes | 75,748 | 22,870 |
| Other creditors | 20,981 | 1,981 |
| | <u>205,753</u> | <u>69,431</u> |

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | 2018 | 2017 |
|-------------------------------|--------------|---------------|
| | £ | £ |
| Included in debtors (note 13) | <u>9,010</u> | <u>17,598</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2018 | 2017 |
|--------------------------|----------------|-----------------|
| | £ | £ |
| Unused tax losses | – | (8,958) |
| Pension plan obligations | <u>(9,010)</u> | <u>(8,640)</u> |
| | <u>(9,010)</u> | <u>(17,598)</u> |

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £35,979 (2017: £17,102).

AK Steel Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2018

16. Employee benefits (continued)

Defined benefit plans

The company operates a defined benefit pension scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits, on attainment of a retirement age of 65, of 1/60th of their final salary for each year of service up to a maximum of 40/60 of their final salary. No other post-retirement benefits are provided. The scheme is a funded scheme.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out at 31 December 2018 by Carol Cole of Verulam Gemmells, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The projected unit credit method is an accrued valuation method that sees each period of service as giving rise to an additional benefit entitlement and measures each unit separately to build up the final obligation.

The statement of financial position net defined benefit liability is determined as follows:

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | £ | £ |
| Present value of defined benefit obligations | (1,804,000) | (1,869,000) |
| Fair value of plan assets | 1,751,000 | 1,821,000 |
| | <u>(53,000)</u> | <u>(48,000)</u> |

Changes in the present value of the defined benefit obligations are as follows:

| | 2018 |
|----------------------------|-------------------------|
| | £ |
| At 1 January 2018 | 1,869,000 |
| Past service cost | 9,000 |
| Interest expense | 46,000 |
| Benefits paid | (41,000) |
| Change of assumptions | (92,000) |
| Remeasurements: | |
| Actuarial gains and losses | 13,000 |
| At 31 December 2018 | <u>1,804,000</u> |

Changes in the fair value of plan assets are as follows:

| | 2018 |
|---|-------------------------|
| | £ |
| At 1 January 2018 | 1,821,000 |
| Benefits paid | (41,000) |
| Remeasurements: | |
| Actuarial gains and losses | (74,000) |
| Return on plan assets, excluding amount included in interest income | 45,000 |
| At 31 December 2018 | <u>1,751,000</u> |

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

16. Employee benefits *(continued)*

The total costs for the year in relation to defined benefit plans are as follows:

| | 2018 | 2017 |
|---|-----------------|----------------|
| | £ | £ |
| Recognised in profit or loss: | | |
| Net interest expense | <u>10,000</u> | <u>6,000</u> |
| Recognised in other comprehensive income: | | |
| Actuarial gains and losses on liabilities | (13,000) | (4,000) |
| Change in assumptions | 92,000 | 101,000 |
| Remeasurement of the liability: | | |
| Return on plan assets, excluding amounts included in net interest | <u>(74,000)</u> | <u>100,000</u> |
| | <u>5,000</u> | <u>197,000</u> |

The fair value of the major categories of plan assets are as follows:

| | 2018 | 2017 |
|---------------------------|-------|-------|
| | % | % |
| Equity instruments | 25.00 | 37.00 |
| Debt instruments | 32.00 | 49.00 |
| Cash and cash equivalents | 29.00 | — |
| Other | 14.00 | 14.00 |

The return on plan assets are as follows:

| | 2018 | 2017 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Return on assets of benefit plan | <u>52,000</u> | <u>46,000</u> |

The principal actuarial assumptions as at the statement of financial position date were:

| | 2018 | 2017 |
|---------------------------------------|--------------|--------------|
| | % | % |
| Discount rate | 2.90 | 2.70 |
| Expected rate of increase in pensions | 3.50 | 3.40 |
| Inflation assumption | 2.60 | 2.50 |
| Mortality rates: | | |
| Current pensioners at 65 - male | 87.10 | 87.10 |
| Current pensioners at 65 - female | <u>88.90</u> | <u>89.00</u> |

17. Called up share capital

Issued, called up and fully paid

| | 2018 | | 2017 | |
|----------------------------|----------------|-------------------|----------------|-------------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>455,000</u> | <u>455,000.00</u> | <u>455,000</u> | <u>455,000.00</u> |

AK Steel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

18. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2018 | 2017 |
|--|---------------|---------------|
| | £ | £ |
| Not later than 1 year | 16,055 | 8,972 |
| Later than 1 year and not later than 5 years | 24,968 | 14,007 |
| | <u>41,023</u> | <u>22,979</u> |

20. Related party transactions

The company provides administration services and makes payments on behalf of its pension fund. At the year end the company owed the pension fund £20,981 (2017 - £1,981).

The company has taken advantage of the exemption available in FRS 102 not to disclose transactions with group companies on the grounds that A K Steel Limited is a wholly owned subsidiary of the group.

21. Controlling party

The company's ultimate parent undertaking and controlling party is AK Steel Holding Corporation, a company incorporated in the United States of America. Copies of the accounts of the ultimate parent company are available from 9227 Centre Pointe Drive, West Chester, Ohio 45069, United States of America and this is the only group in which the results of the company are consolidated.